

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3806-01
Bill No.: HB 1502
Subject: Consumer Protection; Insurance - Automobile; Insurance Department
Type: Original
Date: February 8, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Insurance Dedicated	\$0 to \$33,900	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0 to \$33,900	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance (INS)** assume property and casualty insurers may need to re-file their policy forms to comply with this legislation. This would result in a one-time revenues to the Insurance Dedicated Fund as follows: 678 insurers x \$50 per filing = \$33,900. Projected revenues would be a range of \$0 to \$33,900. INS anticipates that current appropriations and staff would be able to absorb the work for implementation of this single proposal. However, if additional proposals are approved during the legislative session, the INS would require additional staff to handle the increase in workload.

This proposal would result in an increase in Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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INSURANCE DEDICATED FUND

Income - Department of Insurance

Form filing fees	<u>\$0 to \$33,900</u>	<u>\$0</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND

	<u>\$0 to \$33,900</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small businesses which are insurance companies could be affected by this proposal.

DESCRIPTION

This proposal make several restrictions in how insurers may use an applicant's credit information in their underwriting practices.

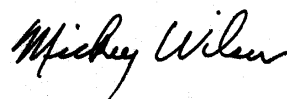
The proposal prohibits insurers from: (1) Using credit information as the sole underwriting factor; (2) Using credit information contained in a credit report that the insurer knows to be in dispute; and (3) Providing credit information to third parties, unless specifically authorized by the federal Fair Credit Reporting Act.

The proposal requires the insurer to inform the applicant, at the time of application, if credit information may be used as an underwriting factor. Also, the proposal requires that when a credit report adversely affects an applicant, the insurer must inform the applicant about his or her rights regarding the credit information.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance



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Acting Director
February 8, 2002